



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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David A. Vaudt, CPA  
Auditor of State

**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ March 20, 2012

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Poweshiek County, Iowa.

The County had local tax revenue of \$28,655,728 for the year ended June 30, 2011, which included \$806,554 in tax credits from the state. The County forwarded \$22,688,015 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$5,967,713 of the local tax revenue to finance County operations, a 4.1% increase over the prior year. Other revenues included charges for service of \$1,116,382, operating grants, contributions and restricted interest of \$4,244,573, capital grants, contributions and restricted interest of \$192,627, tax increment financing of \$555,409, local option sales tax of \$761,864, unrestricted investment earnings of \$14,117 and other general revenues of \$158,293.

Expenses for County operations totaled \$12,899,269, a 3.4% increase over the prior year. Expenses included \$4,852,593 for roads and transportation, \$2,762,969 for public safety and legal services and \$1,395,693 for mental health.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1110-0079-B00F.pdf>.

# # #



**POWESHIEK COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**  
  
**JUNE 30, 2011**

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**Poweshiek County**

**Officials**

**(Before January 2011)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Lamoyne Gaard	Board of Supervisors	Jan 2011
Ellie Snook	Board of Supervisors	Jan 2011
Doug Shutts	Board of Supervisors	Jan 2013
Diana Dawley	County Auditor	Jan 2013
Lana Taylor	County Treasurer	Jan 2011
Beverly Malloy	County Recorder	Jan 2011
Thomas B. Sheets	County Sheriff	Jan 2013
Michael W. Mahaffey	County Attorney	Jan 2011
Margaret Hutchinson	County Assessor	Jan 2010
Dotty Bates	County Assessor	Jan 2016

**(After January 2011)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Doug Shutts	Board of Supervisors	Jan 2013
Ellie Snook	Board of Supervisors	Jan 2015
Larry Wilson	Board of Supervisors	Jan 2015
Diana Dawley	County Auditor	Jan 2013
Lana Taylor	County Treasurer	Jan 2015
Beverly Malloy	County Recorder	Jan 2015
Thomas B. Sheets	County Sheriff	Jan 2013
Rebecca Petig	County Attorney	Jan 2015
Dotty Bates	County Assessor	Jan 2016

**Poweshiek County**



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Independent Auditor's Report

To the Officials of Poweshiek County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Poweshiek County's management. Our responsibility is to express opinions on these financial statements based on our audit.

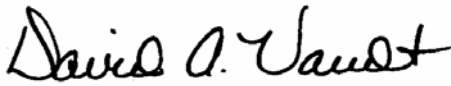
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek County at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

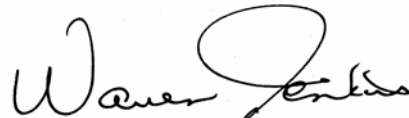
In accordance with Government Auditing Standards, we have also issued our report dated March 1, 2012 on our consideration of Poweshiek County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 13 and 46 through 49 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Poweshiek County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2003 (which are not presented herein) and expressed qualified opinions on those financial statements due to the omission of general fixed assets or capital assets and supplies inventory for the Secondary Roads Fund. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 1, 2012



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Poweshiek County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2011 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 28.17%, or approximately \$5,103,000, from fiscal year 2010 to fiscal year 2011. Property tax increased approximately \$254,000, operating grants, contributions and restricted interest decreased approximately \$566,000 and capital grants, contributions and restricted interest decreased approximately \$4,739,000.
- Program expenses of the County's governmental activities increased 3.6%, or approximately \$447,000, from fiscal year 2010 to fiscal year 2011. Roads and transportation expenses increased approximately \$238,000, administration expenses decreased approximately \$104,000, interest on long-term debt decreased approximately \$12,000 and public safety and legal services expenses increased approximately \$329,000.
- The County's net assets increased 0.5%, or approximately \$112,000, from June 30, 2010 to June 30, 2011.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Poweshiek County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Poweshiek County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Poweshiek County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor governmental funds and the individual Agency Funds.

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

### *Fund Financial Statements*

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services, Secondary Roads, and Urban Renewal 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) Proprietary funds account for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. The fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

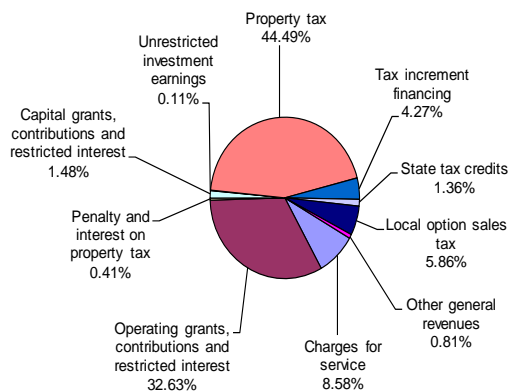
As noted earlier, net assets may serve over time as a useful indicator of financial position. Poweshiek County's combined net assets at the end of fiscal year 2011 totaled approximately \$24.4 million, compared to approximately \$24.3 million at the end of fiscal year 2010. The analysis that follows focuses on the changes in the net assets of governmental activities.

Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2011	2010
Current and other assets	\$ 15,637	15,201
Capital assets	24,140	24,286
Total assets	39,777	39,487
Long-term liabilities	8,064	8,268
Other liabilities	7,333	6,951
Total liabilities	15,397	15,219
Net assets:		
Invested in capital assets, net of related debt	17,185	17,020
Restricted	3,706	3,762
Unrestricted	3,489	3,486
Total net assets	\$ 24,380	24,268

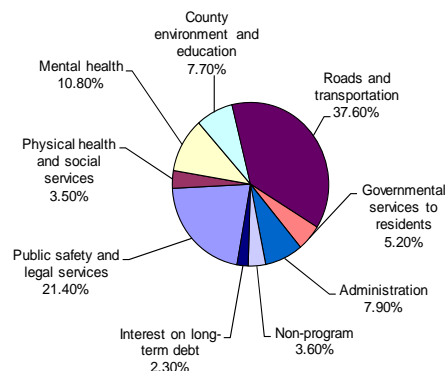
Net assets of Poweshiek County's governmental activities increased 0.5% (approximately \$24.38 million compared to approximately \$24.27 million). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—increased from approximately \$3,486,000 at June 30, 2010 to approximately \$3,489,000 at the end of this year, an increase of less than one percent.

Changes in Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2011	2010
Revenues:		
Program revenues:		
Charges for service	\$ 1,116	926
Operating grants, contributions and restricted interest	4,245	4,811
Capital grants, contributions and restricted interest	193	4,932
General revenues:		
Property tax	5,791	5,537
Tax increment financing	555	744
Penalty and interest on property tax	53	57
State tax credits	177	198
Local option sales tax	762	756
Unrestricted investment earnings	14	29
Other general revenues	105	124
Total revenues	13,011	18,114
Program expenses:		
Public safety and legal services	2,763	2,434
Physical health and social services	448	316
Mental health	1,396	1,531
County environment and education	994	878
Roads and transportation	4,853	4,615
Governmental services to residents	669	666
Administration	1,014	1,118
Non-program	465	585
Interest on long-term debt	297	309
Total expenses	12,899	12,452
Increase in net assets	112	5,662
Net assets beginning of year	24,268	18,606
Net assets end of year	\$ 24,380	24,268

**Revenues by Source**



**Expenses by Program**



The County decreased property tax rates for fiscal year 2011 an average of 1.9%. County wide taxable valuations in Poweshiek County have increased as follows: from \$832,353,360 in fiscal year 2009 to \$854,681,972 in fiscal year 2010 and \$902,648,361 in fiscal year 2011. Based on increases in the total assessed valuation and an increase in fiscal year 2012 property tax rates, property tax revenue is budgeted to increase an additional \$714,000 next year.

The cost of all governmental activities was approximately \$12.9 million compared to approximately \$12.5 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$7.4 million because some of the cost was paid by those directly benefited from the programs (\$1,116,000) or by other governments and organizations which subsidized certain programs with grants and contributions (\$4,437,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, decreased in fiscal year 2011 from approximately \$10,669,000 to approximately \$5,553,000, principally due to receiving less contributions for roads and transportation. The County paid for the remaining "public benefit" portion of governmental activities with property tax (some of which could only be used for certain programs) and with other revenues, such as local option sales tax and interest.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Poweshiek County completed the year, its governmental funds reported a combined fund balance of approximately \$7.3 million, a decrease of approximately \$170,000 from last year's total of approximately \$7.5 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$242,000 over the prior year, mostly due to an approximately \$182,000 increase in property and other county tax revenues. Expenditures increased approximately \$375,000. Public safety and legal services, physical health and social services and capital projects expenditures increased approximately \$149,000, \$129,000 and \$266,000, respectively. These increases are due primarily to an increase in public safety employees, increased home health care costs, roof replacement at the care facility and construction of a trail. The ending fund balance decreased approximately \$260,000 from the prior year to approximately \$2,192,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. Special Revenue, Mental Health Fund revenues totaled approximately \$1,302,000, a decrease of 26.5% from the prior year. The County was eligible for less funding from the State during fiscal year 2011 due to the County's fund balance to expenditures ratio. Expenditures decreased approximately \$127,000 compared to the prior year. The Mental Health Fund balance at year end decreased approximately \$81,000 from the prior year to approximately \$725,000.
- Special Revenue, Rural Services Fund revenues increased approximately \$180,000 compared to the prior year. Expenditures decreased approximately \$65,000, a 7.0% decrease from the prior year, caused primarily by decreased costs for uniform patrol services. The Rural Services Fund ending fund balance increased approximately \$62,000 from the prior year to approximately \$219,000.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$107,000 compared to the prior year. Expenditures increased approximately \$500,000, or 12.0%, over the prior year, due primarily to the purchase of a dump truck and increased road clearing costs. The Secondary Roads Fund ending fund balance increased approximately \$139,000 from the prior year to approximately \$1,811,000.

- Special Revenue, Urban Renewal Fund revenues totaled approximately \$555,000, a decrease of 25.6% from the prior year. Expenditures totaled approximately \$616,000, an increase of 42.9% over the prior year. This increase is due to increased payments on development agreements during the year. The Urban Renewal Fund ending fund balance decreased approximately \$226,000 from the prior year to approximately \$123,000.
- Capital Projects Fund expenditures decreased approximately \$4,152,000 due to the completion of the public safety building project in fiscal year 2010. Approximately \$14,000 remained in the Capital Projects fund at the end of the year.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Poweshiek County amended its budget two times. The first amendment was made in January 2011 and resulted in an increase in budgeted disbursements for public safety and legal services and physical health and social services, primarily for inmate and juvenile expenses and a roof for the care facility. The second amendment was made in April 2011. This amendment was made primarily to provide for disbursements related to a new roof for the county courthouse as no initial budget was set up for this purpose.

The County's receipts were \$64,825 less than budgeted, a variance of 0.5%. The most significant variances resulted due to loss of State funding for mental health.

Total disbursements were \$2,008,405 less than the amended budget. Actual disbursements for the capital projects, roads and transportation and administration functions were \$722,673, \$441,897 and \$247,646, respectively, less than budgeted. This was primarily due to the County not completing projects at Diamond Lake Park and fewer projects in the Secondary Roads department than anticipated. The remaining variance was due to various departments which cut back disbursements at the request of the Board of Supervisors due to economic factors.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2011, Poweshiek County had approximately \$24.1 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)			
		June 30,	
		2011	2010
Land	\$	1,610	1,527
Construction in progress		5,193	6,369
Buildings and improvements		8,280	8,530
Equipment and vehicles		1,558	1,553
Infrastructure		7,499	6,307
Total	\$	24,140	24,286

The County had depreciation expense of \$916,196 in fiscal year 2011 and total accumulated depreciation of \$7,163,781 at June 30, 2011. Capital assets, net of accumulated depreciation, decreased approximately \$146,000 during the year. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

## **Long-Term Debt**

At June 30, 2011, Poweshiek County had \$6,955,000 in long-term debt outstanding, compared to \$7,265,000 at June 30, 2010.

Debt decreased as a result of payments made on the general obligation local option sales tax bonds for the Public Safety building.

The County carries a general obligation bond rating of A2 assigned by national rating agencies. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt of \$6,955,000 is significantly below its constitutional debt limit of approximately \$80 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Poweshiek County's elected and appointed officials considered many factors when setting the fiscal year 2012 budget, tax rates and fees charged for various county activities. The Poweshiek County Board of Supervisors is committed to limiting disbursement increases and reducing funding to non-mandated programs to provide services for the citizens of Poweshiek County. The fiscal year 2012 county wide property tax rate is \$8.38086 per \$1,000 of taxable valuation, an increase of \$.41202 over fiscal year 2011. Poweshiek County will fund capital projects for road improvements, a new bike trail, on-going work at the campground at Diamond Lake Park and joint dispatch. These factors, along with increased wage adjustments for union and pay-plan employees, represent the largest portion of the increased expenditures. The fiscal year 2012 ending fund balance will be approximately \$1,126,000 in the General Fund.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Poweshiek County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Poweshiek County Auditor's Office, 302 East Main Street, Montezuma, Iowa 50171-0314.

**Poweshiek County**



## **Basic Financial Statements**

**Exhibit A**

Poweshiek County  
Statement of Net Assets  
June 30, 2011

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 7,876,563
Receivables:	
Property tax:	
Delinquent	891
Succeeding year	6,724,000
Penalty and interest on property tax	842
Accounts	108,533
Accrued interest	3,493
Due from other governments	378,247
Inventories	451,648
Prepaid insurance	93,026
Capital assets (net of accumulated depreciation)	<u>24,139,656</u>
<b>Total assets</b>	<u>39,776,899</u>
<b>Liabilities</b>	
Accounts payable	397,301
Salaries and benefits payable	135,263
Due to other governments	76,221
Deferred revenue:	
Succeeding year property tax	6,724,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation local option sales tax bonds	320,000
Compensated absences	183,205
Portion due or payable after one year:	
General obligation local option sales tax bonds	6,635,000
Compensated absences	47,686
Landfill postclosure care	375,000
Net OPEB liability	<u>503,115</u>
<b>Total liabilities</b>	<u>15,396,791</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	17,184,656
Restricted for:	
Supplemental levy purposes	140,325
Mental health purposes	692,782
Rural services purposes	168,426
Secondary roads purposes	1,539,701
Debt service	179,223
Capital improvements	763,928
Conservation land acquisition	89,357
Other purposes	133,012
Unrestricted	<u>3,488,698</u>
<b>Total net assets</b>	<u>\$ 24,380,108</u>

See notes to financial statements.

Poweshiek County  
Statement of Activities  
Year ended June 30, 2011

		Program Revenues			
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Assets
Expenses					
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 2,762,969	153,316	294,020	-	(2,315,633)
Physical health and social services	448,132	32,331	137,421	-	(278,380)
Mental health	1,395,693	-	863,165	-	(532,528)
County environment and education	994,215	50,687	44,169	163,431	(735,928)
Roads and transportation	4,852,593	73,783	2,895,931	29,196	(1,853,683)
Governmental services to residents	668,991	330,914	9,390	-	(328,687)
Administration	1,014,397	53,886	-	-	(960,511)
Non-program	464,716	421,465	-	-	(43,251)
Interest on long-term debt	297,563	-	477	-	(297,086)
Total	\$ 12,899,269	1,116,382	4,244,573	192,627	(7,345,687)
<b>General Revenues:</b>					
Property and other county tax levied for general purposes					5,790,493
Tax increment financing					555,409
Penalty and interest on property tax					52,926
State tax credits					177,220
Local option sales tax					761,864
Unrestricted investment earnings					14,117
Miscellaneous					105,367
Total general revenues					7,457,396
Change in net assets					111,709
Net assets beginning of year					24,268,399
Net assets end of year					\$ 24,380,108

See notes to financial statements.

Poweshiek County

Balance Sheet  
Governmental Funds

June 30, 2011

	General	Mental Health	Special Revenue	
			Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments	\$ 2,279,896	778,289	212,874	1,285,745
Receivables:				
Property tax:				
Delinquent	650	75	166	-
Succeeding year	3,820,000	439,000	2,375,000	-
Interest and penalty on property tax	842	-	-	-
Accounts	4,687	85,176	2,200	16,470
Accrued interest	3,447	-	-	-
Due from other funds	-	-	-	3,296
Due from other governments	19,081	-	16,191	203,071
Inventories	-	-	-	451,648
Prepaid insurance	43,808	-	17,731	31,487
<b>Total assets</b>	<b>\$ 6,172,411</b>	<b>1,302,540</b>	<b>2,624,162</b>	<b>1,991,717</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 65,682	77,456	7,157	133,755
Salaries and benefits payable	61,042	8,118	19,287	46,816
Due to other funds	-	-	3,296	-
Due to other governments	22,392	53,361	125	343
Deferred revenue:				
Succeeding year property tax	3,820,000	439,000	2,375,000	-
Other	11,181	75	166	-
Total liabilities	3,980,297	578,010	2,405,031	180,914
Fund balances:				
Nonspendable:				
Inventories	-	-	-	451,648
Prepaid insurance	43,808	-	17,731	31,487
Restricted for:				
Supplemental levy purposes	140,325	-	-	-
Mental health purposes	-	724,530	-	-
Rural services purposes	-	-	201,400	-
Secondary roads purposes	-	-	-	1,327,668
Conservation land acquisition	89,357	-	-	-
Postclosure care	-	-	-	-
Debt service	-	-	-	-
Capital improvements	-	-	-	-
Other purposes	6,576	-	-	-
Unassigned	1,912,048	-	-	-
Total fund balances	2,192,114	724,530	219,131	1,810,803
<b>Total liabilities and fund balances</b>	<b>\$ 6,172,411</b>	<b>1,302,540</b>	<b>2,624,162</b>	<b>1,991,717</b>

See notes to financial statements.

Urban Renewal	Capital Projects	Nonmajor	Total
122,633	14,391	2,112,570	6,806,398
-	-	-	891
90,000	-	-	6,724,000
-	-	-	842
-	-	-	108,533
18	-	28	3,493
-	-	-	3,296
-	-	139,904	378,247
-	-	-	451,648
-	-	-	93,026
212,651	14,391	2,252,502	14,570,374
-	-	251	284,301
-	-	-	135,263
-	-	-	3,296
-	-	-	76,221
90,000	-	-	6,724,000
-	-	-	11,422
90,000	-	251	7,234,503
-	-	-	451,648
-	-	-	93,026
-	-	-	140,325
-	-	-	724,530
-	-	-	201,400
-	-	-	1,327,668
-	-	-	89,357
-	-	1,319,706	1,319,706
122,651	-	56,572	179,223
-	14,391	749,537	763,928
-	-	126,436	133,012
-	-	-	1,912,048
122,651	14,391	2,252,251	7,335,871
212,651	14,391	2,252,502	14,570,374

**Poweshiek County**

## Poweshiek County

Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Assets

June 30, 2011

<b>Total governmental fund balances (page 19)</b>	\$ 7,335,871
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***Amounts reported for governmental activities in the Statement of  
Net Assets are different because:***

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$31,303,437 and the accumulated depreciation is \$7,163,781.

24,139,656

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds.

11,422

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.

957,165

Long-term liabilities, including general obligation local option sales tax bonds payable, compensated absences payable, other postemployment benefits payable and landfill postclosure care payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.

(8,064,006)

**Net assets of governmental activities (page 16)**

\$ 24,380,108

See notes to financial statements.

Poweshiek County  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2011

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 3,305,661	423,645	2,063,099	-
Local option sales tax	-	-	-	-
Penalty and interest on property tax	52,609	-	-	-
Intergovernmental	468,343	877,786	296,026	2,898,419
Licenses and permits	850	-	12,450	39,145
Charges for service	435,897	-	90,069	-
Use of money and property	108,275	-	-	742
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	77,926	404	3,752	35,509
Total revenues	4,449,561	1,301,835	2,465,396	2,973,815
Expenditures:				
Operating:				
Public safety and legal services	1,734,351	-	719,773	-
Physical health and social services	415,798	-	30,194	-
Mental health	-	1,382,606	-	-
County environment and education	369,311	-	56,368	-
Roads and transportation	-	-	-	4,616,467
Governmental services to residents	655,337	-	5,018	-
Administration	970,490	-	48,026	-
Non-program	163,589	-	-	-
Debt service	-	-	-	-
Capital projects	266,348	-	-	36,458
Total expenditures	4,575,224	1,382,606	859,379	4,652,925
Excess (deficiency) of revenues over (under) expenditures	(125,663)	(80,771)	1,606,017	(1,679,110)
Other financing sources (uses):				
Operating transfers in	-	-	-	1,817,625
Operating transfers out	(135,567)	-	(1,544,472)	-
Sale of capital assets	853	-	-	-
Total other financing sources (uses)	(134,714)	-	(1,544,472)	1,817,625
Net change in fund balances	(260,377)	(80,771)	61,545	138,515
Fund balances beginning of year, as restated	2,452,491	805,301	157,586	1,672,288
Fund balances end of year	\$ 2,192,114	724,530	219,131	1,810,803

See notes to financial statements.



Urban Renewal	Capital Projects	Nonmajor	Total
555,409	-	-	6,347,814
-	-	761,864	761,864
-	-	-	52,609
-	-	41,348	4,581,922
-	-	-	52,445
-	-	3,873	529,839
52	-	531	109,600
-	-	14,444	14,444
-	2,300	-	119,891
555,461	2,300	822,060	12,570,428
-	-	19,170	2,473,294
-	-	-	445,992
-	-	-	1,382,606
615,595	-	14,978	1,056,252
-	-	-	4,616,467
-	-	8,741	669,096
-	-	-	1,018,516
-	-	-	163,589
-	-	607,563	607,563
-	5,450	-	308,256
615,595	5,450	650,452	12,741,631
(60,134)	(3,150)	171,608	(171,203)
-	-	576,149	2,393,774
(166,086)	-	(547,649)	(2,393,774)
-	-	-	853
(166,086)	-	28,500	853
(226,220)	(3,150)	200,108	(170,350)
348,871	17,541	2,052,143	7,506,221
122,651	14,391	2,252,251	7,335,871

## Poweshiek County

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances -  
Governmental Funds to the Statement  
of Activities

Year ended June 30, 2011

**Net change in fund balances - Total governmental funds (page 23)** \$ (170,350)

***Amounts reported for governmental activities in the Statement of Activities are different because:***

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures and contributed capital assets in the current year, as follows:

Expenditures for capital assets	\$ 734,154	
Capital assets contributed by the Iowa Department of Transportation	29,196	
Depreciation expense	<u>(916,196)</u>	(152,846)

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.

6,944

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	692	
Other	<u>(11,656)</u>	(10,964)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

310,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	10,538	
Other postemployment benefits	<u>(116,425)</u>	(105,887)

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.

234,812

**Change in net assets of governmental activities (page 17)**

\$ 111,709

See notes to financial statements.

Poweshiek County  
Statement of Net Assets  
Proprietary Fund  
June 30, 2011

	<u>Internal Service - Employee Group Health</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,070,165
<b>Liabilities</b>	
Accounts payable	<u>113,000</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$ 957,165</u></u>

See notes to financial statements.

Poweshiek County  
Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
Proprietary Fund

Year ended June 30, 2011

			<u>Internal Service - Employee Group Health</u>
Operating revenues:			
Reimbursements from operating funds			\$ 1,065,899
Reimbursements from employees and others			187,150
Insurance reimbursements			<u>146,905</u>
Total operating revenues			1,399,954
Operating expenses:			
Medical claims	\$ 941,447		
Insurance premiums	172,291		
Administrative fees	51,464		
Miscellaneous	<u>7,110</u>		<u>1,172,312</u>
Operating income			227,642
Non-operating revenues:			
Interest income			<u>7,170</u>
Net income			234,812
Net assets beginning of year			<u>722,353</u>
Net assets end of year			<u><u>\$ 957,165</u></u>

See notes to financial statements.

Poweshiek County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2011

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,065,899
Cash received from employees and others	334,055
Cash paid to suppliers for services	(1,200,096)
Net cash provided by operating activities	<u>199,858</u>
Cash flows from investing activities:	
Interest on investments	<u>7,170</u>
Net increase in cash and cash equivalents	207,028
Cash and cash equivalents beginning of year	<u>863,137</u>
Cash and cash equivalents end of year	<u><u>\$ 1,070,165</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 227,642
Adjustment to reconcile operating income to net cash provided by operating activities:	
Decrease in advance to General Fund	(100,000)
Increase in accounts payable	<u>72,216</u>
Net cash used by operating activities	<u><u>\$ 199,858</u></u>

See notes to financial statements.

## Poweshiek County

Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2011

**Assets**

Cash and pooled investments:

County Treasurer	\$ 1,322,464
Other County officials	21,537

Receivables:

Property tax:

Delinquent	4,633
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Succeeding year	22,708,000
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Accounts	23,090
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Accrued interest	12
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Succeeding year special assessments	23,230
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Due from other governments	10,029
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<b>Total assets</b>	<u>24,112,995</u>
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**Liabilities**

Accounts payable	7,757
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Salaries and benefits payable	9,895
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Due to other governments	24,049,751
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Trusts payable	25,794
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Compensated absences	19,798
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<b>Total liabilities</b>	<u>24,112,995</u>
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<b>Net assets</b>	<u>\$ -</u>
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See notes to financial statements.

Poweshiek County  
Notes to Financial Statements  
June 30, 2011

**(1) Summary of Significant Accounting Policies**

Poweshiek County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Poweshiek County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Poweshiek County Assessor's Conference Board, Poweshiek County Emergency Management Services Commission and Poweshiek County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Drug Task Force Agreement, South Central Iowa Solid Waste Agency and Poweshiek Area Development Corporation.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Net assets restricted through enabling legislation consist of \$1,319,706 for landfill postclosure care.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation and developmental disabilities services.



The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

The Urban Renewal Fund is used to account for tax increment financing revenue and the repayment of tax increment financing indebtedness.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the

County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

The proprietary fund of the County applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2010.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from and Due to Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2011, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Amount
Intangibles	\$ 100,000
Infrastructure	50,000
Land and buildings	35,000
Land improvements	25,000
Equipment and vehicles	10,000
	Estimated
	Useful lives
Asset Class	(In Years)
Buildings	25 - 50
Land improvements	10 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment	3 - 20
Vehicles	5 - 15

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Secondary Roads and Rural Services Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

Net Assets – The net assets of the Internal Service Fund are designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$6,424,749 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

**(3) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2011 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ 3,296

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	General	\$ 135,567
	Special Revenue: Rural Services	1,515,972
	Urban Renewal	166,086
		<u>1,817,625</u>
Sanitary Disposal	Special Revenue: Rural Services	28,500
Debt Service	Special Revenue: Local Option Sales Tax	547,649
Total		<u>\$ 2,393,774</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,527,307	82,784	-	1,610,091
Construction in progress	6,369,081	115,074	1,291,027	5,193,128
Total capital assets not being depreciated	7,896,388	197,858	1,291,027	6,803,219
Capital assets being depreciated:				
Buildings	9,450,268	108,642	-	9,558,910
Equipment and vehicles	5,880,551	318,751	100,222	6,099,080
Infrastructure	7,406,158	1,436,070	-	8,842,228
Total capital assets being depreciated	22,736,977	1,863,463	100,222	24,500,218
Less accumulated depreciation for:				
Buildings	920,387	358,193	-	1,278,580
Equipment and vehicles	4,328,228	313,576	100,222	4,541,582
Infrastructure	1,099,192	244,427	-	1,343,619
Total accumulated depreciation	6,347,807	916,196	100,222	7,163,781
Total capital assets being depreciated, net	16,389,170	947,267	-	17,336,437
Governmental activities capital assets, net	\$ 24,285,558	1,145,125	1,291,027	24,139,656

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 377,582
Physical health and social services	1,971
Mental health	16,882
County environment and education	49,844
Roads and transportation	450,360
Administration	17,978
Non-program	1,579
Total depreciation expense - governmental activities	\$ 916,196

**(6) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	\$ 22,392
Special Revenue:		
Mental Health	Services	53,361
Rural Services	Services	125
Secondary Roads	Services	343
Total for governmental funds		<u>\$ 76,221</u>
Agency:		
County Assessor	Collections	\$ 571,918
Schools		13,461,583
Community Colleges		1,754,444
Corporations		7,041,485
Auto License and Use Tax		475,266
All other		745,055
Total for agency funds		<u>\$ 24,049,751</u>

**(7) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	General Obligation Local Option Sales Tax Bonds	Compensated Absences	Estimated Liability for Landfill Postclosure Care	Net OPEB Liability	Total
Balance beginning of year	\$ 7,265,000	241,429	375,000	386,690	8,268,119
Increases	-	477,897	-	306,371	784,268
Decreases	310,000	488,435	-	189,946	988,381
Balance end of year	<u>\$ 6,955,000</u>	<u>230,891</u>	<u>375,000</u>	<u>503,115</u>	<u>8,064,006</u>
Due within one year	<u>\$ 320,000</u>	<u>183,205</u>	<u>-</u>	<u>-</u>	<u>503,205</u>

**General Obligation Local Option Sales Tax Bonds**

During the year ended June 30, 2009, the County issued \$7,950,000 of general obligation local option sales tax bonds for the purpose of constructing, furnishing and equipping a Public Safety building. A summary of the bonded indebtedness is as follows:

Year Ending June 30,	Series 2008			
	Issued Oct 15, 2008			
	Interest Rates	Principal	Interest	Total
2012	3.85%	\$ 320,000	285,628	605,628
2013	3.85	330,000	273,308	603,308
2014	3.85	345,000	260,603	605,603
2015	3.90	360,000	247,320	607,320
2016	3.90	370,000	233,280	603,280
2017-2021	3.90-4.125	2,090,000	934,335	3,024,335
2022-2026	4.15-4.35	2,560,000	466,025	3,026,025
2027	4.40	580,000	25,520	605,520
Total		<u>\$ 6,955,000</u>	<u>2,726,019</u>	<u>9,681,019</u>

During the year ended June 30, 2011, the County retired \$310,000 of bonds.

The County has pledged future local option sales tax receipts to repay \$7,950,000 of general obligation local option sales tax bonds issued in October 2008. Proceeds from the bonds provided financing for the construction of the Public Safety building. The bonds are payable from local option sales tax receipts and, if receipts are insufficient, an annual supplemental property tax levy and are payable through 2027. If the annual local option sales tax receipts are insufficient at March 15 for payment of principal and interest on the bonds, a property tax will be levied for the next fiscal year. Annual principal and interest payments on the bonds required 80% of net receipts. The total principal and interest remaining to be paid on the bonds is \$9,681,019. For the current year, principal and interest paid and total local option sales tax receipts were \$607,563 and \$761,864, respectively.

The resolution providing for the issuance of the bonds includes the following provisions:

- (a) The bonds will be redeemed from the future local option sales tax receipts and, as needed in order to supplement the local option sales tax receipts, an annual property tax levy.
- (b) The local option sales tax receipts shall be deposited in a Local Option Sales Tax Revenue Fund (Revenue Fund), which shall be used and disbursed to pay the principal and interest on the bonds.
- (c) Sufficient transfers shall be made from the Revenue Fund to a separate bond sinking account within the Debt Service Fund for the purpose of making the bond principal and interest payments when due. No later than March 15 of each year, the Revenue Fund shall set aside sufficient revenues to pay the principal and interest coming due in the next succeeding fiscal year. If the revenues are insufficient to pay the principal and interest coming due in the next succeeding fiscal year, a property tax will be levied for the next fiscal year.

#### **(8) Pension and Retirement Benefits**

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.50% of their annual covered salary and the County is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$274,901, \$261,537 and \$236,763, respectively, equal to the required contributions for each year.

#### **(9) Other Postemployment Benefits (OPEB)**

Plan Description – The County operates a single-employer health benefit plan which provides medical, dental and vision benefits for employees and retirees and their spouses. There are 84 active and 9 retired members in the plan. Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 51 with 22 years of service or elected officials who must be age 57 with 8 years of service.



The health coverage, which is a self-funded health plan, is administered by Auxiant. Retirees under age 65 pay the same premium for the medical, dental and vision benefits as active employees, which results in an implicit rate subsidy and an OPEB liability. The County also offers an early retirement program which results in an explicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County’s annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 305,679
Interest on net OPEB obligation	15,468
Adjustment to annual required contribution	<u>(14,776)</u>
Annual OPEB cost	306,371
Contributions made	<u>(189,946)</u>
Increase in net OPEB obligation	116,425
Net OPEB obligation beginning of year	<u>386,690</u>
Net OPEB obligation end of year	<u>\$ 503,115</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the County contributed \$189,946 to the health plan.

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 305,679	29.1%	\$ 216,846
2010	306,067	44.5%	386,690
2011	306,371	62.0%	503,115

Funded Status and Funding Progress – As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$2,994,564 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,994,564. The covered payroll (annual payroll of active employees covered by the plan) was \$3,520,359 and the ratio of the UAAL to covered payroll was 85.1%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual health trend rate is 19%. The ultimate health trend rate is 4.5%. The health trend rate is reduced 0.5% each year until reaching the 4.5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

#### **(10) Risk Management**

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 645 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in

capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2011 were \$186,055.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2011, no liability has been recorded in the County's financial statements. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation, boiler and machinery and employee blanket bond in the amount of \$1,000,000, \$1,000,000 and \$80,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **(11) Employee Health Insurance Plan**

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with First Administrators, Inc. The agreement was effective July 1, 2010 and is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$30,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the

administrative services agreement, monthly payments of service fees and claims processed are paid to First Administrators from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2011 was \$1,065,899.

Amounts payable from the Employee Group Health Fund at June 30, 2011 total \$113,000, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$957,165 at June 30, 2011 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 40,784
Incurred claims (including claims incurred but not reported at June 30, 2011)	(869,231)
Payment on claims during the fiscal year	941,447
Unpaid claims end of year	<u>\$ 113,000</u>

## **(12) Postclosure Care**

To comply with federal and state regulations, the County is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually. These costs for the Poweshiek County Sanitary Landfill have been estimated at \$375,000 as of June 30, 2011 and a liability of that amount has been recognized.

Chapter 111 of the Iowa Administrative Code has been promulgated to implement financial assurance rules. Since the Poweshiek County Sanitary Landfill stopped waste disposal prior to the Chapter 111 effective date of August 24, 1994, financial

assurance is not required for the Landfill. However, the County has accumulated resources to fund postclosure care and, at June 30, 2011, deposits of \$1,319,706 designated for these purposes are reported in the Special Revenue, Sanitary Disposal Fund.

**(13) Development Agreement**

On July 8, 2002, the County entered into a development agreement to assist in an urban renewal project. The County agreed to rebate 100% of the incremental property tax paid by the developer in exchange for the construction of a corn processing facility. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated in twenty semi-annual payments beginning on December 1, 2003. The total to be paid by the County under this agreement is not to exceed \$2,509,260. During the year ended June 30, 2011, \$541,270 was rebated to the developer, bringing the cumulative total to \$2,509,260.

On October 15, 2009, a public hearing was held to amend the development agreement. The amendment accommodated a new urban renewal project and extended the agreement until December 31, 2015. All other provisions of the agreement remain unchanged.

On October 15, 2009, the County entered into a development agreement to assist in an urban renewal project. The County agreed to rebate incremental property tax paid by the developer in exchange for expansion of the developer's corn seed production and construction of a new foundation plant. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated in three annual payments of 75% of the incremental property tax received in fiscal year 2011, 50% of the incremental property tax received in fiscal year 2012 and 25% of the incremental property tax received in fiscal year 2013. During the year ended June 30, 2011, \$74,325 was rebated to the developer.

**(14) Accounting Change/Restatement**

Governmental Accounting Standard Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	Special Revenue - Nonmajor		
		Conservation	
		Land	Sheriff/
	General	Acquisition	Jail
Balances June 30, 2010, as previously reported	\$ 2,304,525	141,306	6,660
Change in fund type classification per implementation of GASB Statement No. 54	147,966	(141,306)	(6,660)
Balances July 1, 2010, as restated	<u>\$ 2,452,491</u>	<u>-</u>	<u>-</u>

**(15) Subsequent Event**

On February 27, 2012, the County approved the issuance of \$5,260,000 of general obligation bonds. The proceeds will be used to refund the remaining balance of the County's series 2008 general obligation local option sales tax bonds.

### **Required Supplementary Information**

**Poweshiek County**

Poweshiek County

Budgetary Comparison Schedule of  
Receipts, Disbursements and Changes in Balances -  
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2011

	Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
Receipts:				
Property and other county tax	\$ 7,103,789	7,134,075	7,142,302	(38,513)
Penalty and interest on property tax	55,775	64,415	64,415	(8,640)
Intergovernmental	4,545,807	4,541,141	4,641,141	(95,334)
Licenses and permits	52,165	58,130	58,130	(5,965)
Charges for service	572,278	432,418	432,418	139,860
Use of money and property	110,037	128,084	128,084	(18,047)
Miscellaneous	188,033	226,219	226,219	(38,186)
Total receipts	12,627,884	12,584,482	12,692,709	(64,825)
Disbursements:				
Public safety and legal services	2,473,866	2,638,287	2,716,487	242,621
Physical health and social services	434,372	437,586	487,343	52,971
Mental health	1,371,140	1,553,069	1,553,069	181,929
County environment and education	1,040,632	1,074,017	1,075,344	34,712
Roads and transportation	4,572,753	5,014,650	5,014,650	441,897
Governmental services to residents	667,085	718,254	719,754	52,669
Administration	1,023,114	1,152,031	1,270,760	247,646
Non-program	171,207	202,493	202,493	31,286
Debt service	607,562	607,563	607,563	1
Capital projects	342,127	1,111,400	1,064,800	722,673
Total disbursements	12,703,858	14,509,350	14,712,263	2,008,405
Excess (deficiency) of receipts over (under) disbursements	(75,974)	(1,924,868)	(2,019,554)	1,943,580
Other financing sources, net	853	(130,000)	(130,000)	130,853
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(75,121)	(2,054,868)	(2,149,554)	2,074,433
Balance beginning of year	6,881,519	5,938,339	5,938,339	943,180
Balance end of year	\$ 6,806,398	3,883,471	3,788,785	3,017,613

See accompanying independent auditor's report.



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Poweshiek County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2011

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 12,627,884	(57,456)	12,570,428
Expenditures	12,703,858	37,773	12,741,631
Net	(75,974)	(95,229)	(171,203)
Other financing sources, net	853	-	853
Beginning fund balances	6,881,519	624,702	7,506,221
Ending fund balances	\$ 6,806,398	529,473	7,335,871

See accompanying independent auditor's report.

Poweshiek County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$202,913. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2011, disbursements did not exceed the amounts budgeted.

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Poweshiek County

Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	Jul 1, 2008	-	\$ 2,995	2,995	0.00%	\$ 3,256	92.0%
2010	Jul 1, 2008	-	2,995	2,995	0.00	3,600	83.2
2011	Jul 1, 2008	-	2,995	2,995	0.00	3,520	85.1

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

### **Other Supplementary Information**

**Poweshiek County**

Poweshiek County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2011

			Special Revenue
	Resource Enhancement and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
<b>Assets</b>			
Cash and pooled investments	\$ 57,497	18,627	268
Accrued interest receivable	2	1	-
Due from other governments	-	-	-
<b>Total assets</b>	<b>\$ 57,499</b>	<b>18,628</b>	<b>268</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	-	-
Fund balances:			
Restricted for:			
Postclosure care	-	-	-
Debt service	-	-	-
Capital improvements	-	-	-
Other purposes	57,499	18,628	268
Total fund balances	57,499	18,628	268
<b>Total liabilities and fund balances</b>	<b>\$ 57,499</b>	<b>18,628</b>	<b>268</b>

See accompanying independent auditor's report.

County Conservation Bequest	Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Local Option Sales Tax	Debt Service	Total
13,665	14,050	22,325	1,319,957	609,633	56,548	2,112,570
1	-	-	-	-	24	28
-	-	-	-	139,904	-	139,904
13,666	14,050	22,325	1,319,957	749,537	56,572	2,252,502
-	-	-	251	-	-	251
-	-	-	1,319,706	-	-	1,319,706
-	-	-	-	-	56,572	56,572
-	-	-	-	749,537	-	749,537
13,666	14,050	22,325	-	-	-	126,436
13,666	14,050	22,325	1,319,706	749,537	56,572	2,252,251
13,666	14,050	22,325	1,319,957	749,537	56,572	2,252,502

Poweshiek County

Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2011

			Special Revenue
	Resource Enhancement and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
Revenues:			
Local option sales tax	\$ -	-	-
Intergovernmental	15,242	-	-
Charges for service	-	3,873	-
Use of money and property	31	15	-
Fines, forfeitures and defaults	-	-	-
Total revenues	15,273	3,888	-
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
County environment and education	-	-	-
Governmental services to residents	-	8,342	399
Debt service	-	-	-
Total expenditures	-	8,342	399
Excess (deficiency) of revenues over (under) expenditures	15,273	(4,454)	(399)
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	15,273	(4,454)	(399)
Fund balances beginning of year, as restated	42,226	23,082	667
Fund balances end of year	\$ 57,499	18,628	268

See accompanying independent auditor's report.



County Conservation Bequest	Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Local Option Sales Tax	Debt Service	Total
-	-	-	-	761,864	-	761,864
-	-	-	26,106	-	-	41,348
-	-	-	-	-	-	3,873
9	-	-	-	-	476	531
-	14,444	-	-	-	-	14,444
9	14,444	-	26,106	761,864	476	822,060
-	19,170	-	-	-	-	19,170
-	-	-	14,978	-	-	14,978
-	-	-	-	-	-	8,741
-	-	-	-	-	607,563	607,563
-	19,170	-	14,978	-	607,563	650,452
9	(4,726)	-	11,128	761,864	(607,087)	171,608
-	-	-	28,500	-	547,649	576,149
-	-	-	-	(547,649)	-	(547,649)
-	-	-	28,500	(547,649)	547,649	28,500
9	(4,726)	-	39,628	214,215	(59,438)	200,108
13,657	18,776	22,325	1,280,078	535,322	116,010	2,052,143
13,666	14,050	22,325	1,319,706	749,537	56,572	2,252,251

Poweshiek County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2011

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ -	2,090	340,233	154,255
Other County officials	21,537	-	-	-
Receivables:				
Property tax:				
Delinquent	-	30	60	2,328
Succeeding year	-	173,000	260,000	13,305,000
Accounts	-	-	75	-
Accrued interest	-	-	6	-
Succeeding year special assessments	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 21,537</b>	<b>175,120</b>	<b>600,374</b>	<b>13,461,583</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	635	-
Salaries and benefits payable	-	-	8,279	-
Due to other governments	9,646	175,120	571,918	13,461,583
Trusts payable	11,891	-	-	-
Compensated absences	-	-	19,542	-
<b>Total liabilities</b>	<b>\$ 21,537</b>	<b>175,120</b>	<b>600,374</b>	<b>13,461,583</b>

See accompanying independent auditor's report.

Community Colleges	Corpor- ations	Townships	Auto License and Use Tax	E-911 Service	Other	Total
20,124	87,592	592	475,266	141,989	100,323	1,322,464
-	-	-	-	-	-	21,537
320	1,893	1	-	-	1	4,633
1,734,000	6,952,000	103,000	-	-	181,000	22,708,000
-	-	-	-	23,015	-	23,090
-	-	-	-	6	-	12
-	-	-	-	-	23,230	23,230
-	-	-	-	10,029	-	10,029
1,754,444	7,041,485	103,593	475,266	175,039	304,554	24,112,995
-	-	-	-	6,447	675	7,757
-	-	-	-	-	1,616	9,895
1,754,444	7,041,485	103,593	475,266	168,592	288,104	24,049,751
-	-	-	-	-	13,903	25,794
-	-	-	-	-	256	19,798
1,754,444	7,041,485	103,593	475,266	175,039	304,554	24,112,995

Poweshiek County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2011

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 21,883	175,696	703,975	12,931,554
Additions:				
Property and other county tax	-	169,047	252,365	13,004,283
E911 surcharge	-	-	-	-
State tax credits	-	5,242	10,553	383,960
Drivers license fees	-	-	-	-
Office fees and collections	409,336	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	193,119	-	-	-
Miscellaneous	-	-	13,564	-
Total additions	602,455	174,289	276,482	13,388,243
Deductions:				
Agency remittances:				
To other funds	254,626	-	-	-
To other governments	150,827	174,865	380,083	12,858,214
Trusts paid out	197,348	-	-	-
Total deductions	602,801	174,865	380,083	12,858,214
Balances end of year	\$ 21,537	175,120	600,374	13,461,583

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	Townships	Auto License and Use Tax	E-911 Service	Other	Total
1,707,853	6,972,300	58,660	394,001	166,877	286,335	23,419,134
1,698,515	6,649,055	103,288	-	-	182,128	22,058,681
-	-	-	-	146,626	-	146,626
50,068	177,503	1,916	-	-	92	629,334
-	-	-	207,978	-	-	207,978
-	-	-	-	-	-	409,336
-	-	-	5,491,555	-	-	5,491,555
-	-	-	-	-	31,881	31,881
-	-	-	-	-	395,745	588,864
-	-	-	-	1,502	121,786	136,852
1,748,583	6,826,558	105,204	5,699,533	148,128	731,632	29,701,107
-	-	-	207,978	-	-	462,604
1,701,992	6,757,373	60,271	5,410,290	139,966	713,413	28,347,294
-	-	-	-	-	-	197,348
1,701,992	6,757,373	60,271	5,618,268	139,966	713,413	29,007,246
1,754,444	7,041,485	103,593	475,266	175,039	304,554	24,112,995

Poweshiek County

Schedule of Revenues By Source and Expenditures By Function -  
All Governmental Funds

For the Last Ten Years

	2011	2010	2009	2008
Revenues:				
Property and other county tax	\$ 6,347,814	6,282,585	5,669,326	5,492,645
Local option sales tax	761,864	755,322	802,996	-
Penalty and interest on property tax	52,609	57,061	60,255	52,631
Intergovernmental	4,581,922	5,011,819	5,227,309	4,509,555
Licenses and permits	52,445	46,620	65,864	58,143
Charges for service	529,839	467,767	500,071	497,291
Use of money and property	109,600	151,385	311,329	371,327
Fines, forfeitures and defaults	14,444	4,316	28,579	203,309
Miscellaneous	119,891	169,565	55,049	62,291
Total	\$ 12,570,428	12,946,440	12,720,778	11,247,192
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,473,294	2,414,629	2,157,066	2,264,699
Physical health and social services	445,992	312,200	402,357	479,545
Mental health	1,382,606	1,509,920	1,664,633	1,598,022
County environment and education	1,056,252	849,287	815,862	681,074
Roads and transportation	4,616,467	4,014,935	4,253,034	4,216,740
Governmental services to residents	669,096	655,085	653,587	621,374
Administration	1,018,516	1,083,437	944,104	932,065
Non-program	163,589	304,698	281,254	210,928
Debt service	607,563	603,920	706,663	228,624
Capital projects	308,256	4,376,337	4,146,233	746,816
Total	\$ 12,741,631	16,124,448	16,024,793	11,979,887

See accompanying independent auditor's report.

Modified Accrual Basis					
2007	2006	2005	2004	2003	2002
4,933,991	4,650,738	4,651,096	4,578,672	3,908,321	3,689,156
-	-	-	-	-	-
40,051	40,140	39,701	48,489	44,116	46,858
4,665,290	4,791,515	3,808,111	4,299,715	3,872,610	4,062,443
52,630	62,216	49,213	62,408	48,469	45,997
488,223	500,260	494,394	1,340,996	1,063,772	996,763
441,126	369,980	191,375	81,265	117,772	172,538
-	8,693	5,058	48,279	-	-
115,596	116,206	82,234	60,738	76,899	195,345
10,736,907	10,539,748	9,321,182	10,520,562	9,131,959	9,209,100
1,935,169	1,791,672	1,542,220	1,313,854	1,386,366	1,331,694
398,508	334,567	357,886	339,050	316,497	473,582
1,504,319	1,528,126	1,521,306	1,388,723	1,469,530	1,346,804
584,009	601,071	716,213	1,337,631	979,027	962,059
4,203,984	3,971,113	3,627,542	2,424,210	3,053,470	3,665,304
558,600	769,704	436,872	390,692	345,860	452,403
1,076,972	1,004,043	1,125,483	837,374	752,288	797,830
190,702	134,434	104,066	114,127	118,863	19,440
175,144	178,253	43,234	95,482	97,733	99,982
280,321	209,126	270,058	715,414	30,517	492,267
10,907,728	10,522,109	9,744,880	8,956,557	8,550,151	9,641,365

**Poweshiek County**





**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Officials of Poweshiek County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 1, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Poweshiek County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Poweshiek County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Poweshiek County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Poweshiek County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in the accompanying Schedule of Findings as items (A) and (B) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (C) and (D) to be significant deficiencies.

### Compliance and Other Matters

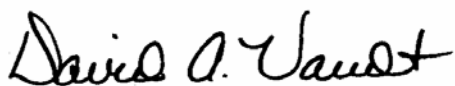
As part of obtaining reasonable assurance about whether Poweshiek County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

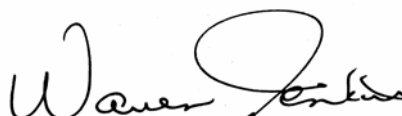
Poweshiek County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Poweshiek County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Poweshiek County and other parties to whom Poweshiek County may report and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Poweshiek County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 1, 2012

Poweshiek County

Schedule of Findings

Year ended June 30, 2011

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

- (A) Segregation of Duties – During our review of internal control, the existing activities are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements.

Generally, one individual in the Sheriff's Office, the Recorder's Office, the Engineer's Office, the Central Point Coordinator's Office, the Conservation Office and the Sanitarian's Office may have control over opening and listing mail receipts, collecting, depositing, posting and daily reconciling of receipts for which no compensating controls exist. In the Recorder's Office, the mail opener does not prepare a listing of mail receipts. In the Central Point Coordinator's Office, checks written from the payee accounts are prepared, approved, signed and mailed by the same person. In addition, bank reconciliations are not reviewed by an independent person with no responsibility for receipts and disbursements in the Sheriff's Office.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each County official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The County official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

An employee who is not authorized to make entries to the accounting records should open all incoming mail. This employee should prepare a listing of cash and checks received. The mail could then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.

Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash. The bank reconciliations should then be reviewed by an independent person with no responsibility for receipts and disbursements, with the review documented by the initials or signature of the reviewer and the date of the review.

Responses –

Sheriff's Office – The Sheriff's office has limited staff in the civil department which handles the control and review of financial transactions, reconciliations and reports. The staff consists of one full time and two part time persons, one of which only works one day per week. On a normal day there is one full time and one part time staff in the civil department. The bank reconciliations are reviewed, dated and initialed by the Sheriff at the end of each month. The Sheriff will work with the Civil Clerk to come up with a process in which the mail along with the cash and check listing are documented and compared.

Poweshiek County

Schedule of Findings

Year ended June 30, 2011

Recorder's Office – We will segregate duties where possible and increase supervisory review of key areas.

Engineer's Office – I understand the recommendation of having mail opened by someone other than the person recording the receipts. We will continue to consider ways to implement the recommendation in an efficient and meaningful manner.

Central Point Coordinator's (CPC) Office – Presently, the office manager opens all mail and receipts all incoming monies. The CPC administrator reviews all receipts and delivers deposits to the Treasurer. The office manager compares all receipts from the Treasurer to those prepared by the office manager. CPC administrator reviews all transactions and reports that come into the CPC office.

Conservation Office – Although the Conservation department has a very small staff consisting of three full time employees, our department will try to utilize the current personnel to provide additional control of funds received by our office. When receiving checks in the mail or by hand, the staff will record the check, and another staff member will sign a form acknowledging the acceptance of the check before taking the check to the Treasurer's Office for deposit. The second staff person will also compare the amount deposited with the amount received.

Sanitarian's Office – We will have either the office manager or someone in the Auditor's office open mail before the mail is delivered to the Sanitarian's office.

Conclusions – Responses acknowledged. For offices with limited staff, other County personnel could be used to provide additional control through review of financial transactions.

- (B) Financial Reporting – During the audit, we identified \$85,176 of Special Revenue, Mental Health Fund receivables incorrectly recorded in the General Fund. Adjustments were subsequently made by the County to report the receivables in the proper fund.

Recommendation – The County should implement procedures to ensure all receivables are recorded in the proper fund.

Response – This was an oversight. A new employee coded the receivables incorrectly. This employee is now aware of the proper account codes to use and we will work to ensure all receivables are coded to the proper fund in the future.

Conclusion – Response accepted.

Poweshiek County

Schedule of Findings

Year ended June 30, 2011

- (C) Information Systems – The County adopted a written disaster recovery plan in February 2011. However, the following key items are not included in the plan: critical applications, staff responsibilities, steps for system recovery and an inventory of hardware and software components. In addition, a copy of the plan, user documentation, policies and procedures manual and extra paper supplies are not required to be kept off site, a copy of the plan has not been provided to all appropriate personnel and the plan has not been tested.

Recommendation – A written disaster recovery plan which includes all of the identified elements should be developed. The plan should be provided to all appropriate personnel and should be periodically tested.

Response – Poweshiek County will revise the disaster recovery plan to include the above suggested elements.

Conclusion – Response acknowledged. The County should also ensure the plan is provided to all appropriate personnel and is periodically tested.

- (D) County Sheriff K-9 and Commissary Accounts - Bank accounts for the K-9 and commissary accounts are not reconciled monthly.

Recommendation - Bank accounts should be reconciled promptly at the end of the month and the reconciliations should be reviewed by an independent person with no responsibility for receipts and disbursements. The reviews should be documented by the initials or signature of the reviewer and the date of the review.

Response – Bank accounts will be reconciled at the end of each month the review of the reconciliations will be documented by the initials or signature of the reviewer and the date of the review.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Poweshiek County

Schedule of Findings

Year ended June 30, 2011

**Other Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements during the year ended June 30, 2011 did not exceed the amounts budgeted.
- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Jeff Morrison, Deputy Sheriff, Father is owner of Morrison Enterprise, Inc.	Car repair and maintenance	\$4,071

In accordance with Chapter 331.342 of the Code of Iowa, these transactions may represent a conflict of interest since the total amount exceeded \$1,500 during the fiscal year.

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

Response – The Board of Supervisors will consult the County Attorney to determine the disposition of this matter.

Conclusion – Response accepted.

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found which we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investments provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) E-911 Claims – Chapter 34A.7(4) of the Code of Iowa states, in part, "Moneys in an E911 service fund may only be used for nonrecurring and recurring costs of the E911 service plan as approved by the program manager." Further, Chapter 34A.2(7)(e)(2) of the Code of Iowa states, in part, "Costs do not include expenditures for any other purpose, and specifically exclude costs attributable to other emergency services or expenditures for buildings or personnel, except for the

Poweshiek County

Schedule of Findings

Year ended June 30, 2011

costs of personnel for database management and personnel directly associated with addressing.”

The E-911 coordinator submitted a monthly claim for \$2,156 to the Board of Supervisors. However, the claim did not include any supporting documentation, such as hours worked or specific services provided. The signed letter of understanding between the Coordinator and the E-911 Board does not include expectations for the number of hours to be worked or any documentation of the work to be done to permit the E-911 Board to manage the arrangement. Accordingly, it can not be determined whether the services provided are allowable under the statutory language cited above.

Recommendation – Chapter 331.504(8) of the Code of Iowa requires claims, before being audited or paid, to be itemized to clearly show the basis of the claim and whether the claim was for property sold, for services rendered or for another purpose. The County received legal advice dated July 20, 2004 on this issue. The claims should have proper supporting documentation, including documentation of the work performed to allow the E-911 Board and the County Board of Supervisors to determine whether the disbursement meets the statutory criteria necessary for allowing payment from the E-911 Service Fund.

In addition, any future agreements should have established benchmarks or hours to be worked and documentation of the services to be provided.

Response – After discussion with the E-911 Board at their January 26, 2012 meeting, it was decided the E-911 data base coordinator will prepare a monthly account of services performed to demonstrate compliance with the statutory criteria necessary for allowing payment from the E-911 Service Fund.

Conclusion – Response accepted.

- (10) County Sheriff K-9 and Commissary Accounts - Separate bank accounts are maintained for collections and expenditures of the K-9 Program and commissary account. As provided in Chapter 331.902 of the Code of Iowa, “Unless otherwise specifically provided by statute, the fees and charges collected by the auditor, treasurer, recorder, and sheriff, and their deputies or employees, belong to the county.” The K-9 Program and commissary account profits and expenditures were not reflected in the County’s accounting system and have not been included in the County’s annual budget or financial report.

Items, such as supplies and equipment for the jail, were purchased out of the commissary account without being included in the County budget, appropriation and disbursement process required by Chapter 331.506 of the Code of Iowa and were not filed and properly audited by the Board of Supervisors before payment in accordance with Chapter 331.504(7) and (8) of the Code of Iowa.

Recommendation - The Board of Supervisors should establish a maximum balance that should be kept in the commissary account to purchase resale items. All collections for the K-9 Program and commissary account profits should be remitted to the County Treasurer and all expenditures should be reflected in the County's accounting system, annual budget and financial report. Expenditures from the commissary account should only be used to replenish appropriate commissary items which are purchased by prisoners.

Poweshiek County

Schedule of Findings

Year ended June 30, 2011

Response – The Sheriff and jail administrator will work with the Board of Supervisors to create a line item in the County budget to accommodate expenditures for jail supplies and equipment through the commissary monies received.

Conclusion – Response acknowledged. All collections for the K-9 Program and commissary account profits should be remitted to the County Treasurer and all expenditures should be reflected in the County's accounting system, annual budget and financial report.

- (11) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2011 for the County Extension Office did not exceed the amount budgeted.




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Poweshiek County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Manager  
Jennifer L. Wall, CPA, Senior Auditor II  
Tiffany M. Ainger, Staff Auditor  
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